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**FAITH HOUSE, INC.  
FINANCIAL STATEMENTS  
AND**

**AUDITOR'S REPORT**

**For the Year Ended June 30, 2000**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-31-01

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224 St. Landry Street, Suite 3G  
Lafayette, Louisiana 70506

P.O. Box 51901  
Lafayette, Louisiana 70505-1901

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Faith House, Inc.  
Lafayette, Louisiana

I have audited the accompanying statement of financial position of Faith House, Inc. (a nonprofit organization) as of June 30, 2000, and the related statements of activities, functional expenses, and cash flows for the year then ended.

These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Faith House Inc. as of June 30, 2000 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 8, 2000 on consideration of Faith House Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Stephen R. Moore, Jr. CPA  
Lafayette, Louisiana  
December 8, 2000

224 St. Landry Street, Suite 3G  
Lafayette, Louisiana 70506

P.O. Box 51901  
Lafayette, Louisiana 70505-1901

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Faith House, Inc.  
Lafayette, Louisiana

I have audited the financial statements of Faith house, Inc. (a nonprofit organization) as of and for the year ended June 30, 2000, and have issued my report thereon dated December 8, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Faith House, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Faith House, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned function. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of Faith House, Inc. in a separate letter dated December 8, 2000.

Faith House, Inc.  
Lafayette, Louisiana  
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This report is intended solely for the information and use of the audit committee, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Stephen R. Moore, Jr. CPA  
Lafayette, Louisiana  
December 8, 2000

**FAITH HOUSE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2000

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 316,099
Accounts receivable, grants	151,390
Prepaid expenses	4,988
<b>TOTAL CURRENT ASSETS</b>	<u>472,477</u>

**PROPERTY AND EQUIPMENT**

Land	34,280
Buildings and improvements	1,475,525
Furniture and fixtures	74,122
Machinery and equipment	149,934
Vehicles	15,000
	<u>1,748,861</u>
Less: accumulated depreciation	(260,252)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>1,488,609</u>

**OTHER ASSETS**

Deposits	<u>55</u>
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<b>TOTAL ASSETS</b>	<u><u>\$ 1,961,141</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 14,823
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**NET ASSETS**

Unrestricted	1,794,928
Temporarily restricted	151,390
<b>TOTAL NET ASSETS</b>	<u>1,946,318</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,961,141</u></u>
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See accompanying notes.



**FAITH HOUSE, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2000

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>SUPPORT AND REVENUE</b>			
Individual and corporate donations	\$ 45,798	\$ -	\$ 45,798
Churches and civic groups	56,383	-	56,383
Other	1,062	-	1,062
Grants:			
CVA	-	51,580	51,580
IOLTA	-	30,000	30,000
OWA	-	212,793	212,793
VAWA	-	21,385	21,385
United Way (Acadiana and St. Landry)	-	105,174	105,174
LCADV (Acadian and Evangeline)	-	21,866	21,866
FEMA	-	14,420	14,420
Junior League	-	5,000	5,000
Lafayette Consolidated Government:			
ESG (regular and entitlement)	-	28,875	28,875
External agencies	-	31,657	31,657
Childrens Programs/LPSB	-	4,685	4,685
Louisiana Children's Trust Fund	-	5,000	5,000
Medical Alliance	-	7,500	7,500
Acadiana Arts Council	-	2,000	2,000
Investment income	12,540	-	12,540
In-kind donations, food	104,840	-	104,840
Net assets released from restrictions	501,906	(501,906)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>722,529</u>	<u>40,029</u>	<u>762,558</u>
 <b>EXPENSES</b>			
Program services, women and children	596,964	-	596,964
Administration	133,188	-	133,188
Fundraising	47,966	-	47,966
<b>TOTAL EXPENSES</b>	<u>778,118</u>	<u>-</u>	<u>778,118</u>
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	 (55,589)	 40,029	 (15,560)
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 1,850,517	 113,108	 1,963,625
 <b>PRIOR PERIOD ADJUSTMENT</b>	 -	 (1,747)	 (1,747)
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 1,794,928</u>	 <u>\$ 151,390</u>	 <u>\$ 1,946,318</u>

See accompanying notes.

**FAITH HOUSE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2000

<b>EXPENSES</b>	<b><u>PROGRAM SERVICES</u></b>	<b><u>ADMINISTRATION EXPENSES</u></b>	<b><u>FUNDRAISING EXPENSES</u></b>	<b><u>TOTAL</u></b>
Advertising	\$ 895	\$ 67	\$ -	\$ 962
Bank charges	-	52	-	52
Client expenses	20,538	-	-	20,538
Contract labor	11,073	-	-	11,073
Contract services	7,174	-	-	7,174
Depreciation	55,782	13,945	-	69,727
Dues and subscriptions	978	-	-	978
In-kind food	104,840	-	-	104,840
Insurance, general	6,786	10,180	-	16,966
Insurance, group	24,564	5,532	3,237	33,333
Janitorial	1,756	439	-	2,195
Legal and accounting	-	7,756	-	7,756
Library and videos	1,851	-	-	1,851
Maintenance and repair	15,260	-	-	15,260
Miscellaneous	1,296	1,943	-	3,239
Office	9,230	2,462	615	12,307
Payroll taxes	17,861	4,022	2,353	24,236
Postage	1,084	1,355	271	2,710
Printing	2,803	3,505	701	7,009
Rent, outreach	5,164	-	-	5,164
Salaries and wages	257,994	58,100	34,000	350,094
Special projects	2,203	1,468	-	3,671
Supplies and summer program	6,484	-	4,605	11,089
Telephone	8,734	10,918	2,184	21,836
Training	1,249	833	-	2,082
Trash, disposal	2,821	705	-	3,526
Travel	6,647	4,432	-	11,079
Utilities	21,897	5,474	-	27,371
	<b>\$ 596,964</b>	<b>\$ 133,188</b>	<b>\$ 47,966</b>	<b>\$ 778,118</b>

See accompanying notes.



**FAITH HOUSE, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2000

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase (decrease) in net assets	\$ (15,560)
Prior period adjustments	(1,747)
Adjustments to reconcile increases in net assets to net cash provided by operating activities:	
Depreciation	69,727
(Increase) decrease in operating assets	
Accounts receivable, grants	(11,599)
Prepaid expenses	(556)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	(9,735)
Deferred revenue	(26,683)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,847</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property and equipment	<u>(21,091)</u>
NET CASH USED BY INVESTING ACTIVITIES	(21,091)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (17,244)

BEGINNING CASH AND CASH EQUIVALENTS 333,343

ENDING CASH AND CASH EQUIVALENTS \$ 316,099

See accompanying notes.

**FAITH HOUSE, INC.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2000**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Faith House, Inc. (Faith House) is presented to assist in understanding Faith House's financial statements.

**Nature of Activities**

Faith House was established in 1980 and incorporated as a Louisiana non-profit corporation on November 20, 1980, for the purpose of providing food and shelter to women and children in need, as well as crisis counseling, information and referral, support groups and after care to victims of domestic violence, and community education about family violence.

**Basis of Accounting**

Faith House's books and records are routinely maintained on the cash basis of accounting and converted to the accrual basis at year-end for financial reporting purposes. The financial statements presented herein have been prepared on the accrual basis.

**Financial Statement Presentation**

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

**Contributions**

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**FAITH HOUSE, INC.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2000 (Continued)**

Contributed Services

During the year ended June 30, 2000, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

Accounting for Restricted/Unrestricted Support

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use or timing of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Faith House reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and Equipment and Depreciation

The Organization follows the practice of capitalizing (at cost) all major expenditures for property and equipment; the fair market value of donated assets is similarly capitalized and the donation recorded as restricted or unrestricted support as described above. Depreciation of furniture, equipment and buildings is computed using the straight-line method over useful lives of five to thirty-nine years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**FAITH HOUSE, INC.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2000 (Continued)**

**Vacation and Sick Leave**

Vacation and sick leave are recorded as expenses of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the accounts as of June 30, 2000.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to *unrestricted net assets*.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on *prior years' experience and management's analysis of specific promises made*.

**NOTE B – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a program basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The statement of functional expenses gives a more detailed breakdown of the various expense categories for both program and supporting services by their natural accounting categories.

**NOTE C – DONATED MATERIALS AND SERVICES – IN-KIND DONATIONS**

Donated materials and services received by The Organization comprise a portion of total receipts. These donated materials and services are then used by The Organization in rendering services provided to recipients. In some circumstances, it is appropriate to value such donations received and used, and reflect the receipt and use of donated services and the receipt and use of *donated materials in the financial statements*.

Donated materials and services are reflected as contributions and services provided in the accompanying statements at their estimated values, when the *criteria of SFAS 116* are met. In the current year, there were no donations of long-lived assets, and no donated services met the criteria of SFAS 116.



**FAITH HOUSE, INC.**  
Notes to Financial Statements  
For the Year Ended June 30, 2000 (Concluded)

**NOTE D – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors/grantors. Total amount released from restrictions during the year was \$501,906.

**NOTE E – CONCENTRATION OF CREDIT RISK**

The organization maintains its cash balances in one financial institution located in Lafayette, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2000, the organization's uninsured cash balances total \$215,799.

**NOTE F – OPERATING LEASES AND SUBSEQUENT EVENTS**

During the year ended June 30, 2000, The Organizations leased space for outreach programs in nearby communities on month-to-month arrangements. The lease payments totaled \$ 5,164.

Effective July 15, 2000 The Organization entered into a non-cancelable operating lease agreement for the rental of additional outreach facilities in Crowley, LA for \$100 per month. Minimum rentals, on an annual basis, are as follows:

Fiscal year ending June 30, 2001	\$1,100
2002	<u>100</u>
	<u>\$1,200</u>

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**FAITH HOUSE, INC.**  
**MANAGEMENT LETTER**  
**JUNE 30, 2000**



**STEPHEN R. MOORE, JR., CPA**  
*A Professional Accounting Corporation*

(337) 262-6468 FAX (337) 262-6467

224 St. Landry Street, Suite 3G  
Lafayette, Louisiana 70506

P.O. Box 51901  
Lafayette, Louisiana 70505-1901

**December 8, 2000**

**To The Board of Directors  
Faith House, Inc.  
Lafayette, Louisiana**

In planning and performing my audit of the financial statements of Faith House, Inc. for the year ended June 30, 2000, I considered the Organization's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. (I previously reported on the Organization's internal control in my report dated December 8, 2000.) This letter does not affect my report dated December 8, 2000, on the financial statements of Faith House, Inc.

I will review the status of these comments during my next audit engagement. I have already discussed these comments and suggestions with various Organization personnel, and I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

**Coding to General Ledger Accounts**

During my audit, I noted several instances of support and revenue transactions being coded incorrectly and/or inconsistently, resulting in a misclassification of those items. The Organization should develop a manual or set of instructions to guide accounting personnel in coding of these transactions.

**Food Donations**

During my audit, I noted that donations of food and other in-kind donations were not being posted to the accounting books and records as support and expenditures. Although some records are being maintained for these donations, the donations should be valued at a dollar amount and posted to the accounting records so that the support and corresponding expense are reflected in the financial statements of the Organization. I recommend that the Organization implement a system to record, value and post such donations to the books.

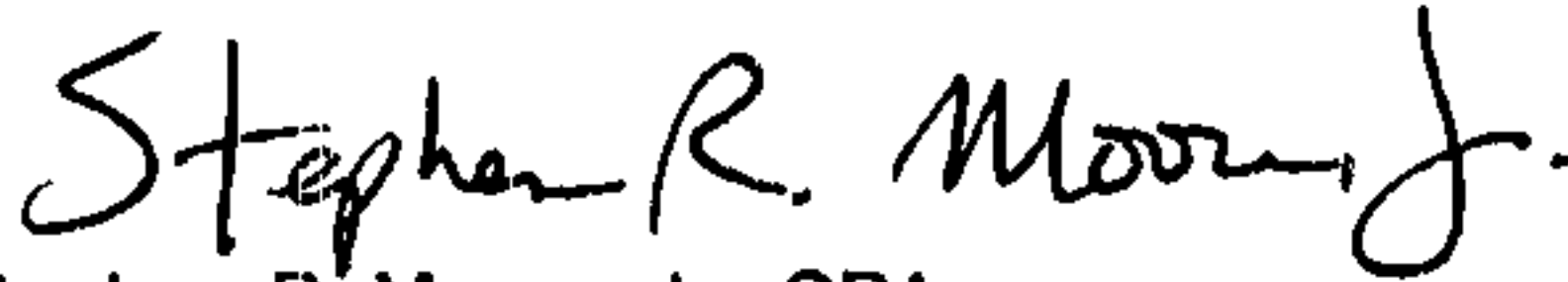
To the Board of Directors  
December 8, 2000  
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### Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the Organization to provide oversight and independent review functions.

I wish to thank the Executive Director, Office Manager, Board President and all other employees who assisted me during my audit.

This report is intended solely for the information and use of the Board of Directors, management and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Stephen R. Moore, Jr." with a stylized flourish at the end.

Stephen R. Moore, Jr., CPA  
Lafayette, Louisiana



## CORRECTIVE ACTION PLAN

December 18, 2000

Stephen R. Moore, Jr., CPA  
P. O. Box 51901  
Lafayette, LA 70505-1901

Dear Mr. Moore:

In response to the recommendations of your management letter, the following is Faith House's Corrective Action Plan:

### Coding to General Ledger Accounts

Bobbie Hollier, Administrative Assistant and the new office manager (yet to be hired) will be meeting with the Treasurer of Faith House, Bill Blanchet, CPA to develop procedures to minimize incorrect coding of support and revenue transactions.

### Food Donations

Bill Blanchet, CPA, Faith House's Treasurer, will assist the new office manager to develop procedures to value in-kind donations, food as well as others.

### Organizational Structure

The Board of Directors will continue to remain involved in the financial affairs of the Organization.

If you need any additional information, please call me at (318) 267-9422.

Sincerely,

Mary Lou Woods  
Executive Director

P.O. Box 93145

Lafayette, LA 70509



Phone: 337-267-9422

Fax: 337-222-2170